Existing Policy of Power Distribution

2872. SHRI A. VIJAYA RAGHVAN : Will the Minister of POWER be pleased to state :

(a) whether the Central Government have taken any decision to change the existing pattern of distribution of power produced by the central pool;

(b) if so, the details thereof;

(c) the benefit to the people because of such a change; and

(d) the reason for changing the existing policy?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) : (a) to (c) It has been decided to treat the present "Gadgil Formula" for allocation of the power to the States/UTs as "guidelines" for new Central generating stations under which the reforming states would get weightage in alloction of power from 15% unallocated quota from Central power stations and also from new power projects.

(d) The formula was evolved at a time when the power sector served almost fully by the public sector. With Independent Power Producers entering the power industry, the operational environment of the power sector changing very fast and the role of Central Government being substantially reduced, the allocation of the share from new Central power projects to the beneficiary States has lost its original meaning. In recent times, allocation of power from the new projects tends to be guided by necessity and capacity to pay more than any other factor. In the context of cash and carry scheme and pressure of financial institutions on the utilities to recover their dues, the factors which have gained predominance over others are the necessity and financial capability of bulk consumers.

Electricity Reforms

2873. SHRI ABANI ROY : Will the Minister of POWER be pleased to state :

(a) whether the Central Government propose dismantle all the SEBs and to make electricity reforms mandatory for all States;